

The Arizona Mature Workforce Initiative



Year One Outcomes & Recommendations

EXECUTIVE SUMMARY

**A Report to
Governor Janet Napolitano**

May 2006



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Executive Summary

Introduction

The aging of our workforce is the result of changing demographic and social trends. Like the perfect storm, three important trends are coming together and are predicted to have a dramatic impact on the American workforce. They are:

1. The workforce, and the population as a whole, is aging;
2. The number of available jobs are increasing and labor shortages are projected in a growing number of sectors of the economy; and
3. Many workers over age 50 want, while others need to continue to work beyond the traditional retirement age.

This report highlights the outcomes and achievements from the first year of the Arizona Mature Workforce Initiative, and outlines the recommendations from three Arizona Summits on the Mature Workforce – meetings that brought together executive level business leaders and mature workers to grapple with the issues of an aging workforce. Specific implementation strategies are included for consideration.

Background

The demographic projections are clear. By 2012, nearly 20% of the total U.S. workforce will be age 55 or older, up from just under 13% in 2000¹. This growth in the number of older workers reflects the fact that the population as a whole is getting older due to several factors, including the aging of the Baby Boom generation, lower birth rates for generations immediately following the baby boom, and longer life expectancies².

As the 76-million Baby Boom Generation nears traditional retirement age, many U.S. companies and governments are facing a potentially significant loss of talent and institutional knowledge across key areas, including leadership, sales, and technical disciplines. With the pending retirement of the baby boomers – the first of whom will be eligible for early Social Security benefits in 2008 – many analysts are predicting growing labor shortages in tomorrow's workforce. Indeed, many employers in Arizona are already facing or anticipating shortages and are starting to take steps to manage their workforce needs. In addition to the well-known shortages of nurses and other health care professionals, many organizations and systems that rely on specially trained individuals such as teachers, engineers, and the like are also feeling the pressure of labor shortages. While the

impact of this undeniable trend will vary from industry to industry and among different job categories, many companies will be able to avoid the drain by encouraging today's mature workers – those age 50 and over – to stay in the workforce longer. Thus, the Arizona Mature Workforce Initiative was launched to address these concerns and to create more employment opportunities for mature workers in Arizona.

The Arizona Mature Workforce Initiative

To address these concerns and ensure that Arizona has both opportunities for older people to work and remain self-sufficient throughout their lives, and to support business growth and development across the state in light of an aging workforce, Governor Janet Napolitano joined forces with AARP to launch the *Arizona Mature Workforce Initiative* in February 2005. The Mature Workforce Initiative (MWI) is designed to raise visibility, awareness, appreciation of and employment opportunities for mature workers, while addressing labor force shortages in the business sector. In addition, the MWI aims to provide mature workers with new points of access to training that will allow them to remain competitive in the job market and to provide them connections to employers who value their experience. By developing a healthy exchange of ideas and dialog among the mature workforce, business and industry, government, and their local communities, we are able to ensure meaningful employment opportunities for mature workers and provide businesses with the ability to address at least some of the impact of an aging workforce.

Building on the work of the Governor's Advisory Council on Aging's Mature Worker Committee (formerly the Older Workers Task Force), established approximately six years ago, several key activities have been undertaken and outcomes achieved since the February 2005 launch of the Arizona Mature Workforce Initiative (MWI) including:

1. Increasing awareness about the changing nature of Arizona's workforce, and the role of the mature worker in the labor force of the future;
2. Collection and compilation of data about the mature workforce;
3. Branding of the initiative through development of the Mature Worker logo and slogan;
4. Increasing employment opportunities of mature workers; and
5. Hosting 3 regional invitational *Arizona Summits on the Mature Workforce*. The Summits brought together more than 250 executive level business and industry leaders from all sectors of the community, and more than 50 mature workers of all professional and socio-economic backgrounds, to explore the identified obstacles and discuss possible solutions and actions needed. The outcome of the Summits is a set of recommendations for action for the Governor's consideration.

Recommendations from Summits

Recommendations from the 3 Arizona Summits on the Mature Workforce held in November 2005 are as follows:

- Public Education & Awareness – Unanimous recommendation from all three summits that the State should launch a public awareness/public education campaign about the aging of our workforce, how it can be addressed, and what workers and businesses need to know and do. While there was general agreement that businesses often recognize the value of mature workers, the public is not as aware of the aging of America's workforce and its potential impact on Arizona businesses and our economy.

- Training & Technical Assistance – Business leaders in all three summits asked for support and technical assistance in managing a more age diverse workforce, changing attitudes about workplace flexibility, identifying and sharing best practices, and, most importantly, in restructuring jobs and workflow to accommodate the changing nature of Arizona’s workforce. They also asked that skills training for mature workers be more readily available and affordable. Of special interest to all was the availability of training for mature workers to gain the technology skills they need in today’s workplace.
- Linkages between Employers & Mature Workers – While nearly all of the business leaders involved recognized the value of mature workers in their operations, finding ways for businesses and mature workers to connect with each other that does not violate EEO, FLSA, and other important anti-discrimination protections, is an issue. Both businesses and workers in all three summits expressed the need for a web-based mechanism where jobs and resumes could be posted that would be friendly to mature workers (i.e. you don’t have to be a technology wiz to use it), and efficient for businesses. Many did not consider existing commercial ventures, such as Monster.com, adequate. Input from two of the summits indicated that this mechanism should NOT be government based, while one summit’s input was that it didn’t matter where it was housed, so long as it had credibility with businesses and mature workers alike.
- Innovations & Incentives – The participants in the three Summits came up with a number of innovative ideas about how they could attract and retain mature workers, including offering cafeteria benefits/pay plans, using mature workers as mentors, providing phased retirement options, hiring retirees back as consultants, and looking at part-year residents as an additional workforce. While implementation of most of these ideas lies in the hands of businesses, technical assistance, as discussed earlier, would be a critical factor. However, it was frequently noted that some businesses will want or need more assistance, and perhaps even incentives, before they can retool their jobs to meet changing interests of older workers.
- Policy & Regulatory Changes – While many of the policy changes that were discussed at the three Summits are based in federal law, the Summit participants still asked for the Governor to use the power of the Governor’s Office to advocate for and, where possible, make changes to state and federal policies and regulations that limit employment of mature workers. While increasing the earnings cap on pensions and Social Security is certainly not a state issue, other concerns fall under the purview of both the state and federal jurisdictions, so are discussed here. Of major concern was the frequent cost disincentive in health care plans when the average age of a company’s workforce increases.

While there was a lot of consistency about these priority areas throughout the three Summits, **there was no clear consensus about the *priority* of these 5 areas**. All five areas were important to the participants, and the recommendations seem to build on each other rather than standing alone. Thus, they are listed in no particular order.

The Summit participants and the Mature Workers Committee of the Governor’s Advisory Council on Aging stand ready to implement the next steps in the Arizona Mature Workforce Initiative.

View the full report available online in July 2006 at: www.azgovernor.gov/aging



Arizona Mature Workforce Initiative: Implementation Strategy



After 18 months of work on the Arizona Mature Workforce Initiative, a number of opportunities have developed which serve as excellent initial implementation steps from the Mature Workforce Summits. Each implementation corresponds to one of the 5 priority areas from the Mature Workforce Summits discussed above. The following implementation strategies are recommended as the next steps in the Mature Workforce Initiative:

Priority Area:	PUBLIC AWARENESS & EDUCATION
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Implementation Strategy: Launch a Mature Workforce Public Awareness Campaign

Concept: Under the auspice of the Mature Worker Committee of the Governor's Advisory Council on Aging, a public awareness campaign will be launched. The campaign would leverage the membership of the Committee, including the public and private sectors, and call upon our national partners, AARP and the National Governors Association, to assist in the effort to raise the public's awareness about the opportunities and challenges of an aging workforce. The campaign will include regular articles in newspapers, business journals, presentations at business and aging conferences, and where financially feasible, media spots on television and radio. The campaign will generate tools that could be used in local media markets, as well as be replicated by other states.

Priority Area:	TRAINING & TECHNICAL ASSISTANCE
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Implementation Strategy I: Create the Arizona Workforce Transition Center

Concept: Under the leadership of GateWay Community College, and with local foundation and business support, Arizona's first Workforce Transition Center will be established. The Workforce Transition Center will assist mature workers who wish to transition from their current situation (whether employed or not) to a new career. Accessible from any place in the country, an assessment of skills and interest can be performed and one-on-one counseling and guidance will be provided to help identify the skills the worker needs in order to make a successful transition. The Arizona Workforce Transition Center will then link the worker with the appropriate Arizona training program – through GateWay, another community college, or one of the state's one-stop workforce centers, where they can gain the necessary skills for their career transition.

Initial focus for career transitioners will be: education, healthcare, and social service. Given that Arizona has a shortage of workers in all three of these areas, this focus makes sense. In addition to attracting transitioning workers, this program is also expected to attract businesses looking for ways to retain older employees, or that are looking to fill vacancies.

Implementation Strategy II: Explore Feasibility of Establishing a Mature Workforce Technical Assistance Position in the Dept. of Commerce

Concept: Work with the Department of Commerce to determine the feasibility of establishing a position or portion of a position to work with businesses to identify best practices and assist businesses seeking to retool their jobs in light of an aging workforce. This would include workplace flexibility concepts such as job sharing, flex time, use of technology, etc.

Priority Area:	LINKAGES BETWEEN EMPLOYERS & MATURE WORKERS
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Implementation Strategy: Establish a Mature Worker Job Bank

Concept: A sub-committee of the Governor's Advisory Council on Aging's Mature Workforce Committee will coordinate with members of the Governor's Council on Workforce Policy to take the lead in investigating and analyzing the possibilities and obstacles for a centralized mature worker job bank. It is important that the entity managing the job bank has both the reputation and resources to provide excellent and reliable service and can do so at nominal or reasonable costs. There are many possibilities for this strategy, including possible partnerships with national organizations. The Mature Worker Committee will investigate the options and make a final recommendation.

Priority Area:	INNOVATIONS & INCENTIVES
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Implementation Strategy: Create a Mature Worker Friendly Business Designation

Concept: Much like the concept of the Good Housekeeping Seal of Approval, the Mature Worker Friendly designation would be a designation that the Dept. of Commerce would award any business that met a standard set of criteria that reflect the company's understanding and attention to the unique needs of an aging workforce. A joint committee comprised of representatives from the

public and private sectors, similar to the groups created for the Mature Workforce Summits, would establish a set of standards. The standards might include concepts such as workplace flexibility and diversity training.

Application for the designation would be completely *voluntary*. A minimal level of continuing education may be required as part of the free designation, such as attendance at a free seminar as part of the Governor's Conference on Aging or other business conference every 2 years. If successful, Arizona would be the first state in the country to develop this type of designation.

Priority Area:**POLICY & REGULATORY CHANGES**

Implementation Area: Call for Changes to National Policies Related to an Aging Workforce

Concept: The Governor will call upon AARP, The National Governor's Association, and other national groups to take a critical look at national policies that limit older people's abilities to work, limiting factors for businesses related to an aging workforce, and then recommend and pursue actions to eliminate those barriers. National organizations will be asked to analyze the issues and offer suggestions for state and federal action to address policy barriers related to an aging workforce.

Conclusion

This set of implementation strategies are meant to compliment each other and provide a comprehensive approach to addressing the input received from the Arizona Summits on the Mature Workforce. However, they are but a beginning of a multi-year effort needed to address the sweeping and significant changes to Arizona's population and workforce. The goal of the Arizona Mature Workforce Initiative has always been to increase employment opportunities for mature workers while assisting Arizona businesses to manage the changes that come with an aging workforce. Building on existing infrastructure and collaborating across systems will serve as the essential key approach to achieve lasting system change.

¹ Mitra Toosi, "Labor Force projections to 2012: The Graying of the U.S. Workforce," *Monthly Labor Review*, February 2004. Mitra Toosi, "A Century of Change: The U.S. Labor Force, 1950-2050," *Monthly Labor Review*, May 2002.

² Towers Perrin. "The Business Case for Workers Age 50+: Planning for Tomorrow's Talent Needs in Today's Competitive Environment," AARP: Washington, DC, December 2005.